

Guide dogs can go anywhere – and so can 457 visa holders who, with current legislation changes planned, are facing a 15%-20% reduction in net income from 1<sup>st</sup> July.

The present submission is not to question the of the LAFHA reform for expats per se, it is to question doing this with a mere 4 weeks' notice and without any transition period. It is most of all to highlight the negative impact on a critical industry of Australian economy as Australian Online Retail.

Background: My company manages online marketing for Woolworths, David Jones, Insurance Australia Group (NRMA, SGIO, SGIC), Bupa (ex MBF, HBA, Mutual Community), Stockland, Toys R Us Australia, Virgin Australia, Optus/Singtel, Domino's Pizza, Tourism NT and many other AU industry leaders.

What's at stake – The numbers: 80% of my colleagues are currently on a 457 visa. We have to hire overseas to get the skills and experience necessary for this fast moving industry.

To expect that within 1 month my company will be able to bridge the gap with a higher salary, when company budgets for FY2013 are already planned, is denying economic reality:

- Making up for LAFHA net salary loss or 15% requires a 25% salary increase
- If company cost are 50% personnel related (service industry) and has a 20% margin, an increase in salaries by 25% for 80% of employees **decreases company net profits by 40%**
- At 60% personnel cost and 10% margin, a 25% salary increase for 80% of employees **generates a 1% loss for that company**

How likely is it possible to force these drastic changes 1 month before beginning of FY13?

More likely: 457 visa holders will consider our options. I currently have an offer from Hong Kong for a package 30% higher than my current in AU. I even have an offer from Madrid, with Spanish economy being in full recession. Why? Because our skills are highly demanded, globally, and we are key drivers of business innovation and economic growth.

What does that mean for the Australian economy: Australia will lose highly skilled specialists in a sector where the country just has started to catch up – and is still struggling against truly global competition: <http://www.smh.com.au/business/watchdog-urged-to-probe-local-distributors-blocking-online-sales-20120516-1yrcef.html#ixzz1v4TmziTE>

What's the other option? Give 457 visa holders on LAHFA – and the businesses affected – a transition time to come up with a plan how to tackle this change.

The alternative might be a slaughtering in key industries, certainly in all things Online marketing.